

Message Text

UNCLASSIFIED

PAGE 01 PARIS 24728 182250Z

11

ACTION EB-06

INFO OCT-01 EUR-08 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-05 NSAE-00 RSC-01 FAA-00 SS-15 NSC-05

PA-01 PRS-01 USIA-06 L-01 H-01 DRC-01 /054 W

----- 042613

R 182125Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3374

INFO AMEMBASSY LONDON

AMEMBASSY BONN

FAA BRUSSELS

UNCLAS PARIS 24728

E.O. 11652: N/A

TAGS: EAIR, FR

SUBJECT: CIVAIR; FRENCH INDUSTRY IN TROUBLE

1. SUMMARY- BAD NEWS ON FRENCH CIVAIR FRONT: AIR FRANCE DEFICIT OF 400 MILLION FRs., AIR INTER DEFICIT OF 45 MILLION FRs., AEROSPATIALE DEFICIT OF 480 MILLION FRs., TWA IS LAYING OFF FRENCH PERSONNEL AND PANAM MAY SOON FOLLOW IF MUTUAL SUSPENSION OF ROUTES APPROVED. LATEST "SAVE CONCORDE" PROGRAM MOUNTED FROM TOULOUSE HAS BEEN DEFLATED BY GOF ANNOUNCEMENT ANY CONCORDES PRODUCED BEYOND PRESENT SIXTEEN AIRCRAFT WOULD COST NEARLY \$90 MILLION EACH. ONLY BRIGHT SPOT IS THAT UTA WILL AT LEAST BREAK EVEN IN ITS OPERATIONS THIS YEAR.

2. THERE WAS A LOT OF BAD NEWS AND NOT MUCH GOOD NEWS ON THE FRENCH CIVAIR SCENE THIS WEEK. THE BAD NEWS:
A. STATE SECRETARY FOR TRANSPORT CAVAILLE TOLD THE NATIONAL ASSEMBLY THAT AIR FRANCE WILL SHOW A DEFICIT OF ABOUT 400 MILLION FRs. (\$85 MILLION) FOR 1974. (COMMENT: AND IN THESE DIFFICULT TIMES FOR THE COMPANY THE TOP MANAGEMENT POSITION AT AIR FRANCE STILL GOES UNFILLED. GILBERT PEROL, SECRETARY GENERAL OF AIR FRANCE, IS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 24728 182250Z

SERVING AS ACTING DIRECTOR GENERAL WHILE THE GOF STILL

LOOKS FOR A SUCCESSOR TO PIERRE COT WHO RESIGNED EFFECTIVE SEPT. 30).

B. CAVAILLE ALSO TOLD THE NATIONAL ASSEMBLY THAT AIR INTER WILL HAVE A DEFICIT OF 45 MILLION FR. (9.5\$ MILLION) FOR 1974, WHICH IS 25 PERCENT HIGHER THAN THE COMPANY'S CAPITALIZATION. CAVAILLE IS COMING UNDER SOME CRITICISM FOR HAVING CLAIMED THAT AIR INTER WOULD NO LONGER BE ABLE TO MEET ITS PAYMENTS IN ANOTHER SIX WEEKS, WHICH PRODUCED QUICK AIR INTER DENIALS THAT THE COMPANY WAS ON THE VERGE OF BANKRUPTCY. BUT AIR INTER MANAGEMENT, ADMITTING THAT THE SITUATION WAS SERIOUS, HAS DECIDED TO SUSPEND SERVICE ON SOME LOW-DENSITY ROUTES, REDUCE FREQUENCIES ON OTHER ROUTES, AND CANCEL PLANS FOR LEASING OF ADDITIONAL AIRCRAFT WHILE EXPRESSING THE HOPE- BUT NOT THE CERTAINTY--THAT A CUTBACK IN PERSONNEL COULD BE AVOIDED. (THE GOF, WHICH HOLDS INDIRECTLY THROUGH STATE CORPORATIONS 54 PERCENT OF AIR INTER STOCK, WOULD REPORTEDLY LIKE TO HELP THE CARRIER BY INCREASING CONTRIBUTIONS TO CAPITAL, BUT PRIVATE SHAREHOLDERS THUS FAR REFUSE TO GO ALONG).

C. THE PARIS AIRPORT AUTHORITY ANNOUNCED THAT ITS FINANCIAL SITUATION WAS A SOURCE OF SERIOUS CONCERN BECAUSE OF A CONSIDERABLE SHORTFALL IN REVENUE.

D. AEROSPATIALE, THE STATE CORPORATION THAT IS THE LARGEST EMPLOYER IN THE FRENCH AERONAUTICAL INDUSTRY, ADMITTED THAT ITS DEFICIT FOR 1974 WILL BE AT LEAST 480 MILLION FR. (102\$ MILLION). LABOR AGITATION CONTINUES AT AEROSPATIALE, WHERE THE UNIONS FEAR LARGE-SCALE LAY-OFFS.

E. THE TOULOUSE-BASED COMMITTEE FOR THE DEFENSE OF CONCORDE IS BACK IN THE NEWS WITH NEW "SAVE CONCORDE" PROPOSALS, E.G., ACCELERATE CERTIFICATION TO PERMIT EARLIER ENTRY INTO COMMERCIAL SERVICE, BEGIN AS OF NOW-- TO MEET EVENTUAL FUTURE DEMAND--PRODUCTION OF ADDITIONAL AIRCRAFT BEYOND SIXTEEN CURRENTLY PROGRAMMED, AND PROCEED WITH DEVELOPMENT OF SECOND GENERATION SST. TO BE SURE, NO ONE THUS FAR SEEMS TO BE TAKING COMMITTEE AND ITS NEW PROPOSALS VERY SERIOUSLY. HOWEVER, COUP DE GRACE MAY HAVE BEEN ADMINISTERED BY DEFENSE MINISTER SOUFFLET (HE HAS RESPONSIBILITY FOR AERONAUTICAL INDUSTRY, CIVIL AS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PARIS 24728 182250Z

WELL AS MILITARY), WHO TOLD SENATE A FEW DAYS AGO THAT ANY CONCORDES BUILT BEYOND SIXTEEN NOW PROGRAMMED WOULD PROBABLY COST 400 MILLION FR., OR NEARLY \$90 MILLION PER AIRCRAFT. (THIS COMPARES WITH LESS THAN \$30 MILLION FOR A BOEING 747).

F. TWA IS PROCEEDING WITH PLANS TO CLOSE DOWN ITS PARIS (AND ALSO ROME, WE UNDERSTAND), BASES FOR LOCALLY HIRED STEWARDS AND STEWARDESSES. AS A RESULT, EMPLOYEES

BEING LAID OFF HAVE JOINED THE PROTEXT CAMPAIGN MOUNTED
BY A NUMBER OF UNIONS IN THE AIR TRANSPORT/AERONAUTICAL
CONSTRUCTION INDUSTRIES.

G. AND MOST OF PANAM'S FRENCH EMPLOYEES ARE
THREATENED BY ANNOUNCEMENT OF THE PANAM/TWA AGREEMENT
ON MUTUAL SUSPENSION OF ROUTES. PANAM'S LOCAL MANAGE-
MENT GUESSES THAT SALES STAFF OF NO MORE THAN THIRTY
PERSONS FROM PANAM'S PRESENT COMPLEMENT OF ABOUT TWO
HUNDRED FIFTY IN FRANCE WOULD BE KEPT ON IN PARIS AND
NICE IF AGREEMENT IS APPROVED.

2. THE ONLY GOOD NEWS, ALL THINGS BEING RELATIVE,
IS THAT AT LEAST UTA EXPECTS TO BREAK EVEN THIS YEAR,
SO WE HAVE BEEN TOLD.
IRWIN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AEROSPACE INDUSTRY, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS24728
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740298-0179
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741035/aaaabdwa.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 11 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 MAR 2002 by chappeld>; APPROVED <06-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR; FRENCH INDUSTRY IN TROUBLE
TAGS: EAIR, FR, AIR FRANCE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005